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Message Text

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13
ACTION EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 211745Z SEP 76
FM AMEMBASSY DAKAR
TO SECSTATE WASHDC 6656
INFO AMEMBASSY ABIDJAN
AMEMBASSY ACCRA
AMEMBASSY BAMAKO
AMEMBASSY BRUSSELS
AMEMBASSY CONAKRY
AMEMBASSY COPENHAGEN
AMEMBASSY COTONOU
AMEMBASSY DUBLIN
AMEMBASSY FREETOWN
AMEMBASSY LAGOS
AMEMBASSY LOME
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MONROVIA
AMEMBASSY NIAMEY
AMEMBASSY NOUAKCHOTT
AMEMBASSY OUGADOUGOU
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY BANJUL

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E.O. 11652: N/A
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TAGS: BEXP, ETRD, SG

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SUBJECT: SENEGAL WITHDRAWS REVERSE PREFERENCES

1. IN CONFORMITY WITH TITLE 1, ARTICLE 7 OF THE TREATY OF LOME, SENEGALESE GOVERNMENT IS WITHDRAWING PREFERENTIAL TARIFFS ON PRODUCTS IMPORTED FROM EUROPEAN COMMUNITY. NATIONAL ASSEMBLY PASSED LAW TO THIS EFFECT JULY 29 WHICH HAS BEEN SIGNED BY PRESIDENT AND WILL BE IMPLEMENTED BY CUSTOMS SERVICE UPON PUBLICATION IN JOURNAL OFFICIEL. FROM THAT DATZSN TARIFFS ON EC GOODS WILL BE SAME AS THOSE IMPOSED ON PRODUCTS OF UNITED STATES AND MOST OTHER INDUSTRIALIZED COUNTRIES.

2. PREFERENCTIAL TARIFFS WILL REMAIN ON CERTAIN CATEGORIES OF "MASS CONSUMPTION GOODS", INCLUDING THE FOLLOWING (BTN TARIFF NUMBERS):

1: LIVE ANIMALS
2: MEAT
3: FISH
4: DAIRY PRODUCTS
10: CEREALS
11: FLOUR, MALT AND MILL PRODUCTS
13: VEGETAL RAW MATERIALS FOR TANNING AND DYEING
20-02: SEMI-PROCESSED VEGETABLES
21-06: NATURAL AND ARTIFICIAL YEAST
24-01: UNPROCESSED TOBACCO
38: INORGANIC CHEMICALS
29: ORGANIC CHEMICALS
30: PHARMACEUTICALS
32: DYEING AND TANNING EXTRACTS, PAINTS
37: PHOTOGRAPHIC AND CINEMATOGRAPHIC PRODUCTS
3901: PLASTIC (CONDENSED, POLYCONDENSED, POLYMERIZED)
3903: PLASTICS (COPOLYMERIZED)
7311: IRON AND STEEL CONSTRUCTION BEAMS

3. IN 1974, LAST YEAR FOR WHICH DETAILED STATISTICS ARE AVAILABLE, IMPORTS IN EXCEPTED CATEGORIES ACCOUNTED FOR $138.3 MILLION, OR 27.8 PERCENT OF TOTAL IMPORTS ($496.3 MILLION). GOS HOPES THAT MAINTENCE LIMITED OFFICIAL USE

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OF LOWER TARIFFS ON THESE ITEMS FOR INTERIM PERIOD WILL MODERATE INFLATIONARY EFFECT OF INCREASED TARIFFS ON OTHER IMPORTS.

4. PREFERENCTIAL TARIFFS WERE FIRST GRANTED TO FRENCH PRODUCTS AROUND 1900 AND EXTENDED TO OTHER MEMBERS OF EUROPEAN COMMUNITY IN 1964 (1975 FOR U.K., IRELAND, EIRE AND DENMARK). LONG DEFENDED AS

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NECESSARY COUNTERPART TO SPECIAL RELATIONSHIP
BETWEEN FRANCE AND SENEGAL AND EUROPEAN AID
FLOWS TO SENEGAL, IN RECENT YEARS THEY HAVE
BEEN INCREASINGLY VIEWED AS AN ANACHRONISM
WHICH LIMITED COMPETITION FROM NON-EC SUPPLIERS
AND THUS CONTRIBUTED TO HIGH PRICES ON CAPITAL
GOODS IMPORTS. BY ELIMINATING PREFERENCES,
GOS HOPES TO INTEREST U.S., CANADIAN,
JANPANESE AND SCANDANAVIAN SUPPLIERS
INTO COMPETING WITH ESTABLISHED SUPPLIERS AND THUS
KEEPING CIF PRICES DOWN.

4. U.S. IS USUALLY SECOND MOST IMPORTANT SUPPLIER
TO SENEGAL WITH ESTIMATED $40 MILLION IN
EXPORTS IN 76 (6.5PERCENT OF MARKET). THIS IS
RESPECTABLE PERFORMANCE IN VIEW OF MANY
OBSTACLES FACING U.S. EXPORTERS: TARIFF
PREFERENCES, IMPORT LICENSES FOR NON EC
IMPORTS (ALSO TO BE PHASED OUT), LANGUAGE
BARRIER, LIMITED MARKET SIZE, HIGH TRANSPORT
COST, AND DOMINANCE OF EUROPEAN-BASED TRADING
COMPANIES. SENEGALESE BUSINESSMEN HAVE MOST
OFTEN CITED PREFERENCES AS PRINCIPAL BARRIER TO
PURCHASING FROM U.S., AND ELIMINNATION OF THIS
BARRIER OFFERS MAJOR OPPORTUNITES TO U.S.
EXPORTERS IN MOST CATEGORIES OF CONSUMER AND
CAPITAL GOODS.

5. PRELIMINARY TEXT OF LAW BEING POUCHED TO KILLION AF/WM
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